



QUARTERLY REPORT

VANTAGE PRIVATE EQUITY GROWTH LIMITED

QUARTERLY INVESTOR REPORT
31 DECEMBER 2022

VPEG DIVERSIFY
GROW
OUTPERFORM



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IMPORTANT INFORMATION

This report has been prepared by Vantage Asset Management Pty Limited (ABN 50 109 671 123) AFSL 279186 (VAM) (in its capacity as Investment Manager of Vantage Private Equity Growth Limited (ABN 51 112 481 875)). It has been prepared without taking into account the objectives, financial situation or needs of any investor, which should be considered before investing. Investors should seek their own advice about an appropriate investment or investment strategy. It should not be relied upon as personal advice nor is it an offer of any financial product.

SUMMARY

Vantage Private Equity Growth Limited (VPEG) is a multi-manager Private Equity investment company structured as an unlisted Australian public company. VPEG was established to invest in professionally managed Private Equity funds that invest in businesses that are at a more mature stage of development, and in particular the Later Expansion and Buyout stages of Private Equity investment.

The Company's investment objective for its Investment Portfolio is to achieve attractive medium to long-term returns on Private Equity investments while keeping the volatility of the overall investment portfolio low. This is achieved by investing across a highly diversified portfolio of Private Equity assets with diversification obtained by allocating across manager, geographic region, financing stage, industry sector and vintage year.

VPEG invested its Investment Portfolio into Australian based Private Equity funds who in turn were focused on investing into lower to mid-market sized companies with enterprise value at initial investment of generally between \$20m and \$500m.

VPEG's investment portfolio is being divested over time and with total initial commitments of \$43m across seven Private Equity funds. At quarter end, it held interests in two remaining underlying companies, with the exit of 1 of these being announced during the quarter and completed in early January. In total, there have been 47 completed exits from the portfolio as at 31 December 2022.

As at 31 December 2022, VPEG's only remaining investment commitment is to Catalyst Buyout Fund 2.

VPEG's investment commitment of \$8m to Quadrant Private Equity No. 2 ended upon the termination of that fund in July 2016 following the final exit of its last underlying company investment in June 2016. VPEG's investment commitment of \$4m to Crescent Capital Partners III ended upon the termination of that fund in June 2018 following the final exit of its last portfolio company in March 2018. VPEG's investment commitment of \$7m to Next Capital II ended upon termination of that fund in June 2019 with the final distributions received following their final exit of its last portfolio company in November 2018. VPEG's investment commitment of \$4m to Equity Partners Fund No. 3 ended upon the sale of their last portfolio company during the September 2019 quarter with the residual proceeds of the fund received by VPEG during the December 2019 quarter. VPEG's investment commitment of \$4m to Advent V ended upon termination of that fund in September 2020 with the final distributions received following their final exit of its last portfolio company in July 2020. VPEG's investment commitment of \$8m to Archer Capital Fund 4 ended during the period, with the final distribution occurring in June 2022, which related to the residual proceeds received from the exit of its' final portfolio company in December 2021.

SPECIAL POINTS OF INTEREST

With 47 exits completed from the underlying portfolio, VPEG ultimately held interests in two underlying investments at December 2022

Catalyst Buyout Fund 2 enters into an agreement with PAG for the sale of Vesco Foods, with all conditions being satisfied by December 2022, allowing completion in early January 2023

During December 2022, Catalyst Buyout Fund 2 executed a sell-down of the remaining 4.8 million shares in Dusk (ASX:DSK), meaning the investment has now been fully exited

PERFORMANCE

The period 1 October 2022 to 31 December 2022 saw continued activity across VPEG's remaining Private Equity portfolio. All remaining active investments are held within Catalyst Buyout Fund 2.

As at 31 December 2022, the number of investments remaining within VPEG's underlying portfolio at quarter end was two.

The table below provides a summary of the performance of VPEG's Net Asset Value (NAV) during the December 2022 quarter. As per below, VPEG's NAV increased 1.6% from \$0.061 per share to \$0.062 per share. The increase in VPEG's NAV was primarily as a result of the increase in the unrealised value of the two remaining portfolio companies as at 31 December 2022, Cirrus Media and Vesco Foods.

As a result of the sale completion of Vesco Foods in January 2023, the manager is exploring all reasonably viable options for liquidating its investment in Catalyst Buyout Fund 2, which will ultimately facilitate the wind-up of operations of Vantage Private Equity Growth Limited. Upon the Fund being wound up, VPEG will distribute the remaining value held within the portfolio to all Shareholders before the conclusion of the 2023 financial year. Shareholders will be kept informed of any updates in the process as soon as information becomes available.

KEY PORTFOLIO DEVELOPMENTS

The December 2022 quarter saw continued private equity activity across VPEG's portfolio as Catalyst Buyout Fund 2 management worked towards positioning each remaining portfolio for exit.

During December 2022, Catalyst Buyout Fund 2 sold that fund's remaining 4.8 million shares of ASX listed company Dusk at \$1.80 per share, realising gross proceeds of \$8,640,000. As a result of the sale of these shares, Catalyst Buyout Fund 2 has now fully exited Dusk. The sale of Dusk delivered Catalyst Buyout Fund 2 investors, including VPEG with a strong return across the investment hold period. VPEG's share of the sale proceeds was distributed to VPEG during January 2023. VPEG will conduct one final distribution, which will include the sale proceeds of the Dusk sell down and Vesco Food sale proceeds, upon the Company being wound up before the conclusion of the 2023 Financial year.

Month Ending	VPEG NAV per Ordinary Share*
31-Dec-22	0.062
30-Nov-22	0.060
31-Oct-22	0.061
30-Sep-22	0.061

* Net Asset Value (NAV) per share post tax

With 47 exits completed, two controlling interests in underlying Private Equity company investments remained in VPEG's portfolio as at 31 December 2022. However, this includes the previously-announced exit of Vesco Foods, whose completion was contingent on a number of conditions being met. Due to all necessary conditions within the agreement being satisfied in late December, the sale of Vesco Foods was completed in early January 2023.

PORTFOLIO UPDATE

The underlying portfolio update provided below covers the two remaining actively managed companies in VPEG's portfolio, representing 100% of VPEG's remaining private equity exposure at quarter end.

VESCO - CATALYST BUYOUT FUND 2

Vesco Foods is a frozen ready meals and components business and is a market leader in the private label and contract manufacturing segments primarily servicing the retail channel to customers including Australia's leading supermarket chains and global food brand names. It also services Health and Food Services, QSR and the export channels. Vesco has two manufacturing facilities; in WA and QLD.



Vesco represents 88.2% of VPEG's remaining Private Equity portfolio as at 31 December 2022.

As previously reported, Vesco had entered into a conditional sale agreement with PAG Asia Capital, a leading investment firm focused on the Asia-Pacific region. Due to all necessary conditions within the agreement being satisfied in late December, the sale of Vesco Foods was completed in early January 2023.

VPEG's share of the sale proceeds was distributed to VPEG during January 2023. VPEG will conduct one final distribution, which will include the sale proceeds of the Dusk sell down and Vesco Food sale proceeds, upon the Company being wound up before the conclusion of the 2023 Financial year.

CIRRUS MEDIA - CATALYST BUYOUT FUND 2

Cirrus Media is Australia's largest business-to-business media company, with a diverse portfolio of leading print publications, websites, events and conferences and online industry portals providing information to professionals in a diverse range of industries. Key industry verticals include healthcare, wealth management and mining.



Cirrus represents 11.8% of VPEG's remaining Private Equity portfolio as at 31 December 2022.

The December 2022 quarter saw management focusing on managing bugs and improving overall performance on the new platform and mobile app that was released to users during the September 2022 quarter. Usage rates continue to improve and are trending in the right direction, albeit still slightly below plans.

The team are continuing to work on enhancements to the platform and app, with expectations that it will continue to improve and become increasingly marketable.

PORTFOLIO STRUCTURE

VPEG's PORTFOLIO STRUCTURE - 31 DECEMBER 2022

The tables and charts below provide information on the breakdown of VPEG's underlying investments as at 31 December 2022.

CURRENT INVESTMENT ALLOCATION

The following table provides the split of VPEG's current investment portfolio across cash, fixed interest securities (term deposits) and Private Equity.

The Private Equity component of the portfolio is further broken down by the investment stage (Later Expansion or Buyout) of the underlying investments that currently make up VPEG's Private Equity portfolio.

During the quarter, VPEG's exposure to Private Equity investments increased from 67.6% to 69.5%, with the cash and fixed interest component of the portfolio decreasing from 32.4% to 30.5% of the total portfolio value.

Cash	Short Term Deposits	Private Equity	
23.7%	6.8%	Later Expansion	0.0%
		Buyout	69.5%

SUMMARY OF VPEG's REMAINING UNDERLYING PRIVATE EQUITY INVESTMENTS

The table below provides an overview of the remaining underlying Private Equity investments in VPEG's portfolio as at 31 December 2022.

Rank	Investment	Fund	Description	% of VPEG's Private Equity Portfolio	Cumulative %
1	Vesco	Catalyst Buyout Fund 2	Manufacturer of frozen meals and meal components	88.2%	88.2%
2	Cirrus Media	Catalyst Buyout Fund 2	Australian business to business media company	11.8%	100.0%

Note: As at 31 December 2022 (unaudited) calculated on VPEG's Pre-Tax Net Asset Value (NAV).

PRIVATE EQUITY PORTFOLIO

VPEG has remaining interests with one Private Equity fund, Catalyst Buyout Fund 2. This includes interests in two underlying company investments, one of which was exited post the completion of the December 2022 quarter (Vesco Foods). As a result, VPEG's Private Equity portfolio and commitments, as at 31 December 2022, were as follows:

Private Equity Fund Name	Fund / Deal Size	Vintage Year	Investment Focus	VPEG Commitment	Capital Drawn Down	Total No. of Investee Companies	No. of Exits
Advent V	\$300m	2006	Lower to Mid Market Expansion / Buyout	\$4.0m	\$4.00m	8	8
Archer Capital Fund 4	\$1,360m	2007	Mid Market Buyout	\$8.0m	\$7.27m	10	10
Catalyst Buyout Fund 2	\$438m	2008	Mid Market Buyout	\$8.0m	\$6.38m	7	5
Crescent Capital Partners III	\$400m	2006	Lower to Mid Market Expansion / Buyout	\$4.0m	\$3.95m	6	6
Equity Partners Fund No. 3	\$76m	2007	Lower Market Expansion / Buyout	\$4.0m	\$3.69m	6	6
Next Capital II	\$285m	2008	Lower to Mid Market Expansion / Buyout	\$7.0m	\$6.18m	7	7
Quadrant Private Equity No. 2	\$500m	2007	Lower to Mid Market Expansion / Buyout	\$8.0m	\$7.06m	5	5
Total				\$43.0m	\$38.53m	49	47

INDUSTRY SPREAD OF VPEG'S UNDERLYING INVESTMENTS

VPEG's "Consumer Staples" industry sector consisting of underlying investment in Vesco Foods, represented VPEG's largest industry sector exposure at 88.2% at quarter end.

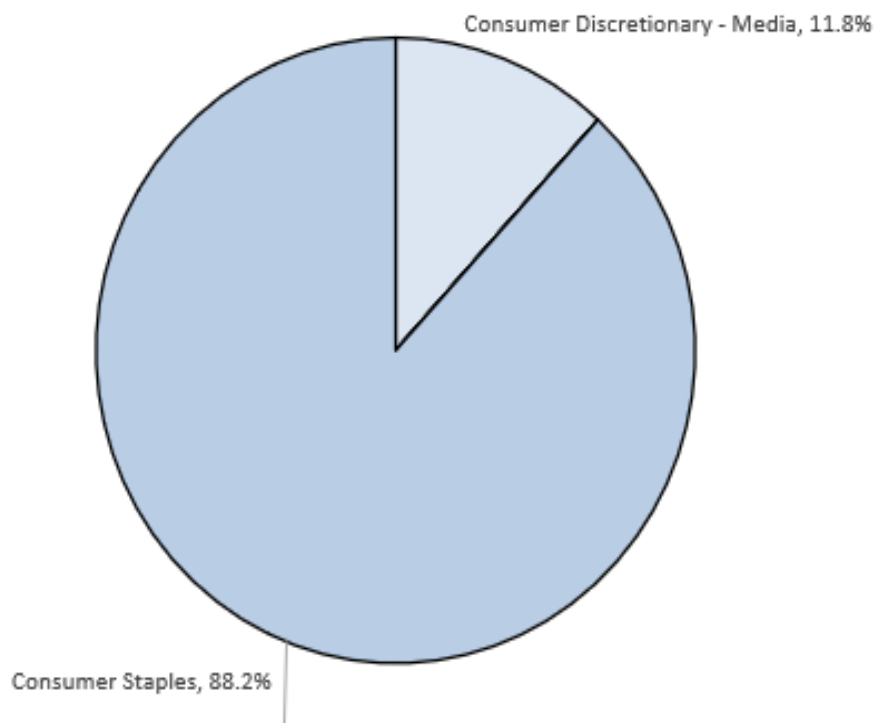


Figure: Industry exposure of VPEG's underlying investments

MARKET & ECONOMIC UPDATE

The Australian economy continued to show resilience during the final quarter of 2022, with consumption activity remaining buoyant despite a significant drop off in consumer sentiment. Aggregate spending was held up by high levels of employment, a drawing down of savings, and the remnants of catch-up spending associated with the pandemic. Australia's GDP expanded +0.6% quarter on quarter and +5.9% year on year in Q3-22.

Inflation continued to edge higher during the December quarter, with annual headline and core inflation running at 7.8% and 6.9% respectively, the highest levels since the early 1980s. Australia's labour market is operating beyond full capacity, with an unemployment rate of 3.5% and nominal wages growing by 1.2% over the December quarter and 3.5% over the past 12 months.

This quarter, the new Albanese Government handed down their first Budget, with new spending initiatives largely offset by savings measures to ensure fiscal policy was not stoking inflation. The RBA ratcheted up the cash rate by 300 basis points over eight consecutive months, sitting at 3.1% as at the end of December with the RBA expected to lift the cash rate by a further 25bps in Q1, 2023.

The current consensus macroeconomic forecast is for Australia to experience a slowdown in economic growth in 2023 to 1.9% but not to enter a recession.

In New Zealand, a similar trend in can be observed, with real GDP growth set to slow to 1% in 2023, owing to weakening private demand and falling real incomes. Following the gradual easing of COVID-19-related restrictions, growth has picked up and consumer and business sentiment has improved, although remains quite depressed. Border re-opening has contributed to a surge in tourist arrivals, albeit to levels that remain much lower than before the pandemic.

Private equity activity remained quite robust in Q4 with 8 new buyout transactions announced or completed over the period. Notably most of these were at the smaller end of the market, with limited availability of financing and tighter covenants impacting deal execution for large buyouts. As illustrated through the exit activity in VPEG's portfolio over the last quarter, the market remains open to opportunistic purchases via trade or secondary sales. VPEG's last remaining manager, Catalyst, will continue to explore opportunities to realize its' final investment in Cirrus Media throughout 2023.

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